

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/19/2014**

Bill/Resolution No.: SB 2042

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			\$(4,300,000)			
<b>Expenditures</b>						
<b>Appropriations</b>						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2042 creates a new income tax deduction for individuals who receive military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of the bill will exclude from income tax 100% of an individual's military retirement pay for service in the U.S. armed forces, National Guard, or their reserve components. It is not clear if the language "retired military personnel pay" in the bill includes payments made to a retired servicemember's survivor. It is assumed for purposes of this fiscal note that the exclusion is intended to apply to continued payments to a designated survivor.

If enacted, SB 2042 is expected to reduce state general fund revenues by an estimated \$4.3 million for the 2015-17 biennium. Of this amount, approximately \$200,000 is attributable to payments to survivors.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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